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**DOMINION AND ANGLO
INVESTMENT CORPORATION**

LIMITED

Jackman

38th Annual Report

FOR THE YEAR ENDED APRIL 30, 1966

HENRY R. JACKMAN, Q.C.

J. GERALD GODSOE, C.B.E., Q.C., LL.D.

HENRY N. R. JACKMAN.

BOARD OF DIRECTORS:

HENRY E. LANGFORD, Q.C.

MALCOLM D. RICHARDSON.

R. M. MACINTOSH, PH.D.

HENRY R. JACKMAN, *President.*

HENRY E. LANGFORD, *Vice-President.*

OFFICERS:

HENRY N. R. JACKMAN, *Secretary.*

CECIL E. JOLLY, *Treasurer.*

Bankers:

THE BANK OF NOVA SCOTIA

Auditors:

PRICE WATERHOUSE & CO., TORONTO

Transfer Agent and Registrar:

EASTERN & CHARTERED TRUST COMPANY, TORONTO

DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors submit herewith their Thirty-Eighth Annual Report together with Audited Accounts for the year ended April 30, 1966.

Interest and dividends received amounted to \$475,656 compared with \$504,748 for the preceding fiscal year. After providing for expenses, interest and income taxes, the net income for the year amounted to \$275,275 compared with \$292,235 for the year ended April 30, 1965. Shareholders will recall that during the year ended April 30, 1965, your Company made a tax free distribution of \$3,605,000 in Preferred shares, subsequently redeemed, to the Company's Common Shareholders at the rate of \$7.00 for each Common share outstanding. In comparing the income for the year under review with that of the previous year this distribution is of significance.

Regular quarterly dividends have been paid on the 5% Cumulative Preferred Stock, and a dividend of 30¢ per share on the no par value Common Stock was paid on April 29, 1966.

During the year changes for the purpose of adjusting the Company's investment portfolio involved surplus over book cost of \$1,130,391. Formerly your Company has not considered that any capital gain arose on the sale of individual securities until the entire original investment has been recovered. Under the amended 1965 Canadian Corporations Act, we are now required to adjust the book cost of investments to average cost per share. This has involved the acceptance of \$1,703,262 capital gain on partial sales of securities in prior years and an equivalent write up in book cost of investments. The amount of \$1,703,262 has been transferred to Capital Reserve which now stands at \$9,200,307.

Your Directors report that the net liquidating value of the Company's assets based on market quotations as of April 30, 1966, after deducting First Secured Bonds was \$16,053,956 compared with \$17,819,094 as of April 30, 1965. This amount was equivalent to \$1,605.40 behind each share of Preferred Stock as compared with \$1,781.91 as of April 30, 1965. After deducting the Preferred Stock at par the liquidating value of the Common Stock was \$29.23 per share as compared with \$32.66 as of April 30, 1965.

A Comparative Summary of the Company's progress since its inception appears on page 7.

Respectfully submitted on behalf of the Board.

H. R. JACKMAN
President

July 25, 1966.
44 King Street West,
Toronto 1, Ontario.

DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED

BALANCE SHEET—APRIL 30, 1966

ASSETS	LIABILITIES
INVESTMENTS, at cost:	
Securities having a quoted market value—(Value based on market quotations as at April 30, 1966 amounted to \$18,700,000).....	\$13,356,427
Securities not having a quoted market value.....	495,000
	\$13,851,427
CASH IN BANKS.....	15,057
CURRENT LIABILITIES:	
Bank loan.....	\$ 560,000
Dividend on 5% Preferred Stock payable June 1, 1966.....	12,500
Accounts payable.....	2,500
Accrued interest on bonds.....	8,453
Income taxes payable.....	1,648
	585,101
FIRST SECURED BONDS:	
Authorized—additional bonds may be issued; each such issue must meet certain tests as to assets, earnings and deposits with the trustee	
4% FIRST SECURED BONDS:	
1955 issue, to mature April 1, 1970—	
Issued.....	\$3,000,000
Less—Redeemed and cancelled.....	429,000
	2,571,000
CAPITAL STOCK AND SURPLUS:	
Capital stock (Note 1)—	
Preferred stock.....	1,000,000
Common stock.....	220,000
Total capital stock outstanding.....	\$1,220,000
Surplus accounts—	
Distributable surplus (unchanged since 1935).....	219,301
Capital surplus, per statement attached.....	9,200,307
Earned surplus, per statement attached.....	70,775
	10,710,383
	\$13,866,484

APPROVED ON BEHALF OF THE BOARD:

H. R. JACKMAN, *Director*
H. E. LANGFORD, *Director*

Auditors' Report to the Shareholders of DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED:

We have examined the balance sheet of Dominion and Anglo Investment Corporation Limited as at April 30, 1966 and the statements of income and expenses, earned surplus and capital surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and expenses, earned surplus and capital surplus present fairly the financial position of the company as at April 30, 1966, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change explained in Note 2, which change we approve.

TORONTO, May 19, 1966.

PRICE WATERHOUSE & CO.
Chartered Accountants.

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED APRIL 30, 1966

(Accumulated net income from investments less dividends paid or provided for)

Balance May 1, 1965.....	\$ —
<i>Add</i> —Net income for the year.....	275,275
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	275,275

DEDUCT:

Dividends on preference stock.....	\$ 50,000
Dividends on common stock.....	154,500
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	204,500
Balance April 30, 1966.....	\$ 70,775
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STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED APRIL 30, 1966

(Principally gains, less losses, on realization of investments less amount capitalized on issue of stock dividend)

Balance as at May 1, 1965.....	\$6,349,447
Adjustment on restatement of investments at cost (Note 2).....	1,703,262
Balance as at May 1, 1965 after adjustment.....	<hr/> 8,052,709

Add:

Discount on purchase of \$202,000 4% First Secured Bonds, due April 1, 1970.....	17,207
Capital gains, less losses, on realization of investments for the year ended April 30, 1966.....	1,130,391
Balance April 30, 1966.....	<hr/> \$9,200,307

STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 1966

INCOME:

Dividends.....	\$ 455,220
Interest.....	20,436
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	475,656

EXPENSES:

Remuneration of executive officers.....	\$ 19,500
Directors' fees.....	6,000
Other management expenses including rent, salaries and office expenses.....	33,760
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	59,260
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	416,396

DEDUCT:

Interest on bonds and bank overdraft.....	112,168
Canadian and foreign income taxes.....	28,953
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	141,121
Net income for the year.....	<hr/> <u>\$ 275,275</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Particulars of and changes during the year of capital stock are as follows:

PREFERRED STOCK:

5% cumulative redeemable preferred stock— Authorized—25,000 shares of \$100 each.....	\$2,500,000
Issued and outstanding—10,000 shares.....	<hr/> <u>\$1,000,000</u>
6% non-cumulative redeemable preferred shares— Authorized—639,500,000 shares of 1¢ each.....	<hr/> <u>\$6,395,000</u>

During the year the company obtained formal approval for the cancellation of 360,500,000 shares which were issued as a stock dividend and subsequently purchased for redemption during the year ended April 30, 1965 and held pending formal reduction in capital.

COMMON STOCK:

Authorized—1,000,000 shares without nominal or par value Issued and outstanding—515,000 shares.....	<hr/> <u>\$ 220,000</u>
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2. Effective May 1, 1965 the company has calculated the capital gain on sales of partial holdings of an investment, and the value of the investments held, on the basis of average cost. In prior years, when a partial holding of an investment was sold at a profit, the remainder of the investment was carried at cost less the proceeds of the sale. At May 1, 1965 the value at which the investments were shown and capital surplus were increased by \$1,703,262 to reflect this change.

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

FINANCIAL SUMMARY

	1966	1964	1959	1954	1949	1944	1939	1934	1929
Gross Income.....	\$ 475,656	\$ 447,488	\$ 454,635	\$ 243,473	\$ 197,240	\$ 130,440	\$ 105,193	\$ 60,120	\$ 131,482
Net Income.....	275,275	250,324	256,261	203,317	174,912	112,641	88,672	49,881	114,288
CAPITALIZATION									
Funded Debt	\$2,571,000	\$2,863,000	\$2,963,500						
Preferred Shares(a) 5% Cum. Par Value \$100.00	1,000,000	1,000,000	1,000,000	\$1,000,000	\$1,056,300	\$1,249,500	\$1,295,000	\$1,400,000	\$1,500,000
Common Shares N.P.V. amount contributed	1,120,000	1,120,000	1,120,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	\$4,691,000	\$4,983,000	\$5,083,500	\$2,000,000	\$2,056,300	\$2,249,500	\$2,295,000	\$2,400,000	\$2,500,000
NET VALUE OF COMPANY'S ASSETS at Market									
Value less Bonds Outstanding.....	\$16,053,956	\$14,699,056	\$10,678,940	\$5,934,359	\$3,063,053	\$2,250,325	\$1,773,445	\$1,487,525	\$2,585,000

LIQUIDATING VALUE

Preferred.....	\$1,605.40	\$1,469.91	\$1,067.89	\$593.43	\$289.98	\$180.10	\$136.94	\$106.25	\$172.33
Common (b) (c)	\$ 29.23	\$ 26.60	\$ 18.79	\$ 9.87	\$ 4.01	\$ 2.00	\$ 0.96	\$ 0.175	\$ 2.17

(a) After purchase in the market of preferred shares from time to time.

(b) Adjusted for 50-for-1 split on September 27, 1960.

(c) During fiscal 1965 a tax free distribution of \$7.00 was paid to the Common Shareholders.

DOWNUM MONGOMERIE COMPANY